

# House Study Bill 304

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON VAN FOSSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the technical and policy administration of the  
2 tax and related laws by the department of revenue, including  
3 administration of individual income, corporate income, local  
4 and state sales, use, property, motor fuel, and special fuel  
5 taxes, and of the environmental protection surcharge, imposing  
6 penalties, and including effective and retroactive  
7 applicability date provisions.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
9 TLSB 3589HC 81  
10 mg/sh/8

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1 1 Section 1. Section 422.9, subsection 1, Code 2005, is  
1 2 amended to read as follows:  
1 3 1. An optional standard deduction, after deduction of  
1 4 federal income tax, equal to one thousand two hundred thirty  
1 5 dollars for a married person who files separately or a single  
1 6 person or equal to three thousand thirty dollars for a husband  
1 7 and wife who file a joint return, a surviving spouse, or an  
1 8 unmarried head of household. The optional standard deduction  
1 9 shall not exceed the amount remaining after deduction of the  
1 10 federal income tax. The amount of federal income tax deducted  
1 11 shall be computed as provided in subsection 2, paragraph "b".  
1 12 Sec. 2. Section 422.9, subsection 2, paragraph b, Code  
1 13 2005, is amended to read as follows:  
1 14 b. Add the amount of federal income taxes paid or accrued,  
1 15 as the case may be, during the tax year, ~~adjusted by and~~  
1 16 ~~subtract any federal income tax refunds received during the~~  
1 17 ~~tax year. Provided, however, that where~~ Where married  
1 18 persons, who have filed a joint federal income tax return,  
1 19 file separately, such total shall be divided between them  
1 20 according to the portion ~~thereof of the total~~ paid or accrued,  
1 21 as the case may be, by each. Federal income taxes paid for a  
1 22 tax year in which an Iowa return was not required to be filed  
1 23 shall not be added and federal income tax refunds received  
1 24 from a tax year in which an Iowa return was not required to be  
1 25 filed shall not be subtracted.  
1 26 Sec. 3. Section 422.9, subsection 2, paragraphs g and h,  
1 27 Code 2005, are amended by striking the paragraphs.  
1 28 Sec. 4. Section 422.16, subsection 2, unnumbered paragraph  
1 29 1, Code 2005, is amended to read as follows:  
1 30 A withholding agent required to deduct and withhold tax  
1 31 under subsections 1 and 12, ~~except those required to deposit~~  
1 32 ~~on a semimonthly basis, shall deposit for each calendar~~  
1 33 ~~quarterly period, shall file a return and remit to the~~  
1 34 ~~department the amount of tax on or before the last day of the~~  
1 35 ~~month following the close of the quarterly period, on a~~  
2 1 ~~quarterly deposit form as on forms prescribed by the director~~  
2 2 ~~and shall pay to the department, in the form of remittances~~  
2 3 ~~made payable to "Treasurer, State of Iowa", the tax required~~  
2 4 ~~to be withheld, or the tax actually withheld, whichever is~~  
2 5 ~~greater, under subsections 1 and 12. However, a withholding~~  
2 6 ~~agent who withholds more than fifty five hundred dollars in~~  
2 7 ~~any one month, except those required to deposit on a~~  
2 8 ~~semimonthly basis, and not more than five thousand dollars in~~  
2 9 ~~a semimonthly period shall deposit with the department the~~  
2 10 ~~amount withheld, with a monthly deposit form as prescribed by~~  
2 11 ~~the director. The monthly deposit form is due on or before~~  
2 12 ~~the fifteenth day of the month following the month of~~  
2 13 ~~withholding, except that a deposit is not required for the~~

2 14 amount withheld in the third month of the calendar quarter but  
2 15 ~~the total amount of withholding for the quarter shall be~~  
2 16 ~~computed and the amount by which the deposits for that quarter~~  
2 17 ~~fail to equal the total quarterly liability is due with the~~  
2 18 ~~filing of the quarterly deposit form. The quarterly deposit~~  
2 19 ~~form is due within the month following the end of the quarter.~~  
2 20 ~~A The total quarterly amount, less the amounts deposited for~~  
2 21 ~~the first two months of the quarter, is due with the quarterly~~  
2 22 ~~return due on or before the last day of the month following~~  
2 23 ~~the close of the quarterly period on forms prescribed by the~~  
2 24 ~~director. However, a withholding agent who withholds more~~  
2 25 ~~than eight five thousand dollars in a semimonthly period shall~~  
2 26 ~~deposit with the department the amount withheld, with a~~  
2 27 ~~semimonthly deposit form as prescribed by the director. The~~  
2 28 ~~first semimonthly deposit form for the period from the first~~  
2 29 ~~of the month through the fifteenth of the month is due on the~~  
2 30 ~~twenty=fifth day of the month in which the withholding occurs.~~  
2 31 ~~The second semimonthly deposit form for the period from the~~  
2 32 ~~sixteenth of the month through the end of the month is due on~~  
2 33 ~~the tenth day of the month following the month in which the~~  
2 34 ~~withholding occurs. A withholding agent must also file a~~  
2 35 ~~quarterly return which reconciles the amount of tax withheld~~  
3 1 ~~for the quarter with the amount of semimonthly deposits. The~~  
3 2 ~~quarterly return is due on or before the last day of the month~~  
3 3 ~~following the close of the quarterly period on forms~~  
3 4 ~~prescribed by the director.~~

3 5 Sec. 5. Section 422.35, subsection 15, Code 2005, is  
3 6 amended by striking the subsection.

3 7 Sec. 6. Section 423.1, subsection 50, Code 2005, is  
3 8 amended to read as follows:

3 9 50. "Services" means all acts or services rendered,  
3 10 furnished, or performed, other than services used in  
3 11 processing of tangible personal property for use in retail  
3 12 sales or services, for an employer, ~~as defined in section~~  
3 13 ~~422.4, subsection 3, who pays the wages of an employee~~ for a  
3 14 valuable consideration by any person engaged in any business  
3 15 or occupation specifically enumerated in section 423.2. The  
3 16 tax shall be due and collectible when the service is rendered,  
3 17 furnished, or performed for the ultimate user of the service.

3 18 Sec. 7. Section 423.2, Code 2005, is amended by adding the  
3 19 following new subsection:

3 20 NEW SUBSECTION. 9A. Any person or that person's  
3 21 affiliate, which is a retailer in this state or a retailer  
3 22 maintaining a business in this state under this chapter, that  
3 23 enters into a contract with an agency of this state must  
3 24 register, collect, and remit Iowa sales tax under this chapter  
3 25 on all sales of tangible personal property and enumerated  
3 26 services. Every bid submitted and each contract executed by a  
3 27 state agency shall contain a certification by the bidder or  
3 28 contractor stating that the bidder or contractor is registered  
3 29 with the department and will collect and remit Iowa sales tax  
3 30 due under this chapter. In the certification, the bidder or  
3 31 contractor shall also acknowledge that the state agency may  
3 32 declare the contract or bid void if the certification is  
3 33 false. Fraudulent certification, by act or omission, may  
3 34 result in the state agency or its representative filing for  
3 35 damages for breach of contract.

4 1 For the purposes of this subsection, the following  
4 2 definitions apply:

4 3 a. "Affiliate" means any entity to which any of the  
4 4 following applies:

4 5 (1) Directly, indirectly, or constructively controls  
4 6 another entity.

4 7 (2) Is directly, indirectly, or constructively controlled  
4 8 by another entity.

4 9 (3) Is subject to the control of a common entity. A  
4 10 common entity is one which owns directly or individually more  
4 11 than ten percent of the voting securities of the entity.

4 12 b. "State agency" means an authority, board, commission,  
4 13 department, instrumentality, or other administrative office or  
4 14 unit of this state, or any other state entity reported in the  
4 15 Iowa comprehensive annual financial report, including public  
4 16 institutions of higher education.

4 17 c. "Voting security" means a security to which any of the  
4 18 following applies:

4 19 (1) Confers upon the holder the right to vote for the  
4 20 election of members of the board of directors or similar  
4 21 governing body of the entity.

4 22 (2) Is convertible into, or entitles the holder to receive  
4 23 upon its exercise, a security that confers such a right to  
4 24 vote.

(3) Is a general partnership interest.

Sec. 8. Section 423.3, subsection 39, Code 2005, is amended by adding the following new unnumbered paragraph:  
NEW UNNUMBERED PARAGRAPH. The exemption under this subsection does not apply to vehicles subject to registration, aircraft, or commercial or pleasure watercraft or water vessels.

Sec. 9. Section 423.3, Code 2005, is amended by adding the following new subsection:  
NEW SUBSECTION. 85. The sales price from services performed on a vessel if all of the following apply:

- a. The vessel is a licensed vessel under the laws of the United States coast guard.
- b. The vessel is not moored or tied to a physical location in this state.
- c. The service is used to repair or restore a defect in the vessel.
- d. The vessel is engaged in interstate commerce and will continue in interstate commerce once the repairs or restoration is completed.
- e. The vessel is in navigable water that borders the eastern boundary of this state.

Sec. 10. Section 423.5, Code 2005, is amended by adding the following new subsection:  
NEW SUBSECTION. 8. Any person or that person's affiliate, which is a retailer in this state or a retailer maintaining a business in this state under this chapter, that enters into a contract with an agency of this state must register, collect, and remit Iowa use tax under this chapter on all sales of tangible personal property and enumerated services. Every bid submitted and each contract executed by a state agency shall contain a certification by the bidder or contractor stating that the bidder or contractor is registered with the department and will collect and remit Iowa use tax due under this chapter. In the certification, the bidder or contractor shall also acknowledge that the state agency may declare the contract or bid void if the certification is false. Fraudulent certification, by act or omission, may result in the state agency or its representative filing for damages for breach of contract.

For the purposes of this subsection, "affiliate", "state agency", and "voting security" mean the same as defined in section 423.2, subsection 9A.

Sec. 11. Section 423A.1, unnumbered paragraph 3, Code 2005, is amended to read as follows:  
A local hotel and motel tax shall be imposed on January 1, ~~April 1, or July 1, or October 1,~~ following the notification of the director of revenue. Once imposed, the tax shall remain in effect at the rate imposed for a minimum of one year. A local hotel and motel tax shall terminate only on ~~March 31, June 30, September 30,~~ or December 31. At least sixty days prior to the tax being effective or prior to a revision in the tax rate, or prior to the repeal of the tax, a city or county shall provide notice by mail of such action to the director of revenue.

Sec. 12. Section 423E.2, Code 2005, is amended by adding the following new subsection:  
NEW SUBSECTION. 6. For each school district located in whole or in part in a county that voted on and approved a local sales and services tax for school infrastructure purposes, the following applies:

- a. If a revenue use statement as included on the ballot proposition allowed for the use of revenues for school infrastructure purposes, the school district is authorized to use those revenues for those activities for which revenues under section 298.3 may be spent.
- b. If a revenue use statement as included on the ballot proposition specifically designated the purpose or purposes for which the revenues would be used, the school district may change the purposes for which the revenues may be used, including those activities for which revenues under section 298.3 may be spent only after an election at which a majority of those voting on the question of the change in use favor the change in use.

Sec. 13. Section 423E.4, subsection 3, paragraph a, Code 2005, is amended to read as follows:

- a. The director of revenue by ~~June 1 preceding~~ August 15 of each fiscal year shall compute the guaranteed school infrastructure amount for each school district, each school district's sales tax capacity per student for each county, and the supplemental school infrastructure amount for the coming

7 1 fiscal year.

7 2 Sec. 14. Section 424.7, Code 2005, is amended by adding  
7 3 the following new subsection:

7 4 NEW SUBSECTION. 5. The director may require by rule that  
7 5 reports and returns be filed by electronic transmission.

7 6 Sec. 15. Section 424.10, subsection 3, Code 2005, is  
7 7 amended to read as follows:

7 8 3. If the amount paid is greater than the correct charge,  
7 9 penalty, and interest due, the department shall refund the  
7 10 excess, with interest ~~after sixty days from the date of~~  
7 11 ~~payment at the rate in effect under section 421.7, pursuant to~~  
7 12 rules prescribed by the director. However, the director shall  
7 13 not allow a claim for refund that has not been filed with the  
7 14 department within three years after the charge payment upon  
7 15 which a refund is claimed became due, or one year after the  
7 16 charge payment was made, whichever time is later. A  
7 17 determination by the department of the amount of charge,  
7 18 penalty, and interest due, or the amount of refund for any  
7 19 excess amount paid, is final unless the person aggrieved by  
7 20 the determination appeals to the director for a revision of  
7 21 the determination within sixty days from the date of the  
7 22 notice of determination of charge, penalty, and interest due  
7 23 or refund owing. The director shall grant a hearing, and upon  
7 24 hearing the director shall determine the correct charge,  
7 25 penalty, and interest due or refund owing, and notify the  
7 26 appellant of the decision by mail. The decision of the  
7 27 director is final unless the appellant seeks judicial review  
7 28 of the director's decision under section 424.13.

7 29 Sec. 16. Section 425.1, subsection 4, Code 2005, is  
7 30 amended to read as follows:

7 31 4. Annually the department of revenue shall ~~estimate the~~  
7 32 ~~credit not to exceed the actual levy on the first four~~  
7 33 ~~thousand eight hundred fifty dollars of actual value of each~~  
7 34 ~~eligible homestead, and shall~~ certify to the county auditor of  
7 35 each county the credit and its amount in dollars. Each county  
8 1 auditor shall then enter the credit against the tax levied on  
8 2 each eligible homestead in each county payable during the  
8 3 ensuing year, designating on the tax lists the credit as being  
8 4 from the homestead credit fund, and credit shall then be given  
8 5 to the several taxing districts in which eligible homesteads  
8 6 are located in an amount equal to the credits allowed on the  
8 7 taxes of the homesteads. The amount of credits shall be  
8 8 apportioned by each county treasurer to the several taxing  
8 9 districts as provided by law, in the same manner as though the  
8 10 amount of the credit had been paid by the owners of the  
8 11 homesteads. However, the several taxing districts shall not  
8 12 draw the funds so credited until after the semiannual  
8 13 allocations have been received by the county treasurer, as  
8 14 provided in this chapter. Each county treasurer shall show on  
8 15 each tax receipt the amount of credit received from the  
8 16 homestead credit fund.

8 17 Sec. 17. Section 425.39, Code 2005, is amended by adding  
8 18 the following new unnumbered paragraph:

8 19 NEW UNNUMBERED PARAGRAPH. If the sum of the amount of  
8 20 claims for credit for property taxes due plus the amount of  
8 21 claims for reimbursement for rent constituting property taxes  
8 22 paid which are to be paid during the fiscal year exceeds the  
8 23 amount appropriated for purposes of this section, the director  
8 24 of revenue shall prorate the payments for the property tax  
8 25 credit and for reimbursement for rent constituting property  
8 26 taxes paid. In order for the director to carry out the  
8 27 requirements of this paragraph, notwithstanding any provision  
8 28 to the contrary in this division, claims for reimbursement for  
8 29 rent constituting property taxes paid filed before May 1 of  
8 30 the fiscal year shall be eligible to be paid during the fiscal  
8 31 year and those claims filed on or after May 1 of the fiscal  
8 32 year shall be eligible to be paid during the following fiscal  
8 33 year, and the director is not required to make payments to  
8 34 counties for the property tax credit before June 15 of the  
8 35 fiscal year.

9 1 Sec. 18. NEW SECTION. 427.3 ABATEMENT OF TAXES OF  
9 2 CERTAIN EXEMPT ENTITIES.

9 3 The board of supervisors may abate the taxes levied against  
9 4 property acquired by gift by a person or entity if the  
9 5 property acquired by gift was transferred to the person or  
9 6 entity after the deadline for filing for property tax  
9 7 exemption in the year in which the property was transferred  
9 8 and the property acquired by gift would have been exempt under  
9 9 section 427.1, subsection 7, 8, or 9, if the person or entity  
9 10 had been able to file for exemption in a timely manner.

9 11 Sec. 19. Section 441.6, unnumbered paragraph 2, Code 2005,

9 12 is amended to read as follows:

9 13 Upon receipt of the report of the examining board, the  
9 14 chairperson of the conference board shall by written notice  
9 15 call a meeting of the conference board to appoint an assessor.  
9 16 The meeting shall be held not later than seven days after the  
9 17 receipt of the report of the examining board by the conference  
9 18 board. ~~The physical condition, general reputation of the~~  
~~9 19 applicants, and their fitness for the position as determined~~  
~~9 20 by the examining board shall be taken into consideration in~~  
~~9 21 making the appointment.~~ At the meeting, the conference board  
9 22 shall appoint an assessor from the register of eligible  
9 23 candidates. However, if a special examination has not been  
9 24 conducted previously for the same vacancy, the conference  
9 25 board may request the director of revenue to hold a special  
9 26 examination pursuant to section 441.7. The chairperson of the  
9 27 conference board shall give written notice to the director of  
9 28 revenue of the appointment and its effective date within ten  
9 29 days of the decision of the board.

9 30 Sec. 20. Section 441.8, unnumbered paragraph 1, Code 2005,  
9 31 is amended to read as follows:

9 32 The term of office of an assessor appointed under this  
9 33 chapter shall be for six years. Appointments for each  
9 34 succeeding term shall be made in the same manner as the  
9 35 original appointment except that not less than ninety days  
10 1 before the expiration of the term of the assessor the  
10 2 conference board shall hold a meeting to determine whether or  
10 3 not it desires to reappoint the incumbent assessor to a new  
10 4 term. If the decision is made not to reappoint the assessor,  
10 5 the assessor shall be notified, in writing, of such decision  
10 6 not less than ninety days prior to the expiration of the  
10 7 assessor's term of office. Failure of the conference board to  
10 8 provide timely notification of the decision not to reappoint  
10 9 the assessor shall result in the assessor being reappointed.

10 10 Sec. 21. Section 441.8, unnumbered paragraphs 6 and 7,  
10 11 Code 2005, are amended to read as follows:

10 12 Upon receiving credit equal to one hundred fifty hours of  
10 13 classroom instruction during the assessor's current term of  
10 14 office of which at least ninety of the one hundred fifty hours  
10 15 are from courses requiring an examination upon conclusion of  
10 16 the course, the director of revenue shall certify to the  
10 17 assessor's conference board that the assessor is eligible to  
10 18 be reappointed to the position. For persons appointed to  
10 19 complete an unexpired term, the number of credits required to  
10 20 be certified as eligible for reappointment shall be prorated  
10 21 according to the amount of time remaining in the present term  
10 22 of the assessor. If the person was an assessor in another  
10 23 jurisdiction, the assessor may carry forward any credit hours  
10 24 received in the previous position in excess of the number that  
10 25 would be necessary to be considered current in that position.  
10 26 Upon written request by the person seeking a waiver of the  
10 27 continuing education requirements, the director may waive the  
10 28 continuing education requirements if the director determines  
10 29 good cause exists for the waiver.

10 30 Within each six-year period following the appointment of a  
10 31 deputy assessor, the deputy assessor shall comply with this  
10 32 section except that upon the successful completion of ninety  
10 33 hours of classroom instruction of which at least sixty of the  
10 34 ninety hours are from courses requiring an examination upon  
10 35 conclusion of the course, the deputy assessor shall be  
11 1 certified by the director of revenue as being eligible to  
11 2 remain in the position. If a deputy assessor fails to comply  
11 3 with this section, the deputy assessor shall be removed from  
11 4 the position until successful completion of the required hours  
11 5 of credit. If a deputy is appointed to the office of  
11 6 assessor, the hours of credit obtained as deputy pursuant to  
11 7 this section shall be credited to that individual as assessor  
11 8 and for the individual to be reappointed at the expiration of  
11 9 the term as assessor, that individual must obtain the credits  
11 10 which are necessary to total the number of hours for  
11 11 reappointment. Upon written request by the person seeking a  
11 12 waiver of the continuing education requirements, the director  
11 13 may waive the continuing education requirements if the  
11 14 director determines good cause exists for the waiver.

11 15 Sec. 22. Section 441.38, subsection 2, Code 2005, is  
11 16 amended to read as follows:

11 17 2. Notice of appeal shall be served as an original notice  
11 18 on the chairperson, presiding officer, or clerk of the board  
11 19 of review ~~after the filing of notice under subsection 1 with~~  
~~11 20 the clerk of district court within twenty days after its~~  
~~11 21 adjournment or May 31, whichever is later.~~

11 22 Sec. 23. Section 452A.2, subsection 19, unnumbered

11 23 paragraph 2, Code 2005, is amended to read as follows:  
11 24 "Motor fuel" does not include special fuel, and does not  
11 25 include liquefied gases which would not exist as liquids at a  
11 26 temperature of sixty degrees Fahrenheit and a pressure of  
11 27 fourteen and seven-tenths pounds per square inch absolute, or  
11 28 naphthas and solvents unless the liquefied gases or naphthas  
11 29 and solvents are used as a component in the manufacture,  
11 30 compounding, or blending of a liquid within paragraph "b", in  
11 31 which event the resulting product shall be deemed to be motor  
11 32 fuel. "Motor fuel" does not include methanol unless blended  
11 33 with other motor fuels for use in an aircraft or for  
11 34 propelling motor vehicles.

11 35 Sec. 24. Section 452A.2, subsection 25, Code 2005, is  
12 1 amended to read as follows:  
12 2 25. "Special fuel" means fuel oils and all combustible  
12 3 gases and liquids suitable for the generation of power for  
12 4 propulsion of motor vehicles or turbine-powered aircraft, and  
12 5 includes any substance used for that purpose, except that it  
12 6 does not include motor fuel. Kerosene shall not be considered  
12 7 to be a special fuel, unless blended with other special fuels  
12 8 for use in a motor vehicle with a diesel engine. Methanol  
12 9 shall not be considered to be a special fuel unless blended  
12 10 with other special fuels for use in a motor vehicle with a  
12 11 diesel engine.

12 12 Sec. 25. Section 452A.8, subsection 2, paragraph e,  
12 13 unnumbered paragraph 2, Code 2005, is amended to read as  
12 14 follows:

12 15 The department shall adopt rules governing the dispensing  
12 16 of compressed natural gas and liquefied petroleum gas by  
12 17 licensed dealers and licensed users. The director may require  
12 18 by rule that reports and returns be filed by electronic

12 19 transmission. For purposes of this paragraph, "dealer" and  
12 20 "user" mean a licensed compressed natural gas or liquefied  
12 21 petroleum gas dealer or user and "fuel" means compressed  
12 22 natural gas or liquefied petroleum gas. The department shall  
12 23 require that all pumps located at dealer locations and user  
12 24 locations through which liquefied petroleum gas can be  
12 25 dispensed shall be metered, inspected, tested for accuracy,  
12 26 and sealed and licensed by the state department of agriculture  
12 27 and land stewardship, and that fuel delivered into the fuel  
12 28 supply tank of any motor vehicle shall be dispensed only  
12 29 through tested metered pumps and may be sold without  
12 30 temperature correction or corrected to a temperature of sixty  
12 31 degrees. If the metered gallonage is to be  
12 32 temperature-corrected, only a temperature-compensated meter  
12 33 shall be used. Natural gas used as fuel shall be delivered  
12 34 into compressing equipment through sealed meters certified for  
12 35 accuracy by the department of agriculture and land

13 1 stewardship.  
13 2 Sec. 26. Section 452A.8, subsections 3 and 4, Code 2005,  
13 3 are amended to read as follows:

13 4 3. For the purpose of determining the amount of the tax  
13 5 liability on alcohol blended to produce ethanol blended  
13 6 gasoline or a blend of special fuel products, each licensed  
13 7 blender shall, not later than the last day of each month  
13 8 following the month in which the blending is done, file with  
13 9 the department a monthly return, signed under penalty for  
13 10 false certificate, containing information required by rules  
13 11 adopted by the director. The director may require by rule  
13 12 that reports and returns be filed by electronic transmission.

13 13 4. A person who possesses fuel or uses fuel in a motor  
13 14 vehicle upon which no tax has been paid by a licensee in this  
13 15 state is subject to reporting and paying the applicable tax.  
13 16 The director may require by rule that reports and returns be  
13 17 filed by electronic transmission.

13 18 Sec. 27. Section 452A.10, Code 2005, is amended to read as  
13 19 follows:

13 20 452A.10 REQUIRED RECORDS.

13 21 A motor fuel or special fuel supplier, restrictive  
13 22 supplier, importer, exporter, blender, dealer, user, common  
13 23 carrier, contract carrier, ~~or~~ terminal, or nonterminal storage  
13 24 facility shall maintain, for a period of three years, records  
13 25 of all transactions by which the supplier, restrictive  
13 26 supplier, or importer withdraws from a terminal or nonterminal  
13 27 storage facility within this state or imports into this state  
13 28 motor fuel or undyed special fuel together with invoices,  
13 29 bills of lading, and other pertinent records and papers as  
13 30 required by the department.

13 31 If in the normal conduct of a supplier's, restrictive  
13 32 supplier's, importer's, exporter's, blender's, dealer's,  
13 33 user's, common carrier's, contract carrier's, ~~or~~ terminal's,

13 34 or nonterminal storage facility's business the records are  
13 35 maintained and kept at an office outside this state, the  
14 1 records shall be made available for audit and examination by  
14 2 the department at the office outside this state, but the audit  
14 3 and examination shall be without expense to this state.  
14 4 Each distributor handling motor fuel or special fuel in  
14 5 this state shall maintain for a period of three years records  
14 6 of all motor fuel or undyed special fuel purchased or  
14 7 otherwise acquired by the distributor, together with delivery  
14 8 tickets, invoices, and bills of lading, and any other records  
14 9 required by the department.  
14 10 The department, after an audit and examination of records  
14 11 required to be maintained under this section, may authorize  
14 12 their disposal upon the written request of the supplier,  
14 13 restrictive supplier, importer, exporter, blender, dealer,  
14 14 user, carrier, terminal, nonterminal storage facility, or  
14 15 distributor.  
14 16 Sec. 28. Section 452A.62, subsection 1, paragraph a, Code  
14 17 2005, is amended to read as follows:  
14 18 a. A distributor, supplier, restrictive supplier,  
14 19 importer, exporter, blender, terminal operator, nonterminal  
14 20 storage facility, common carrier, or contract carrier,  
14 21 pertaining to motor fuel or undyed special fuel withdrawn from  
14 22 a terminal or nonterminal storage facility, or brought into  
14 23 this state.  
14 24 Sec. 29. Section 452A.62, subsection 2, unnumbered  
14 25 paragraph 1, Code 2005, is amended to read as follows:  
14 26 To examine the records, books, papers, receipts, and  
14 27 invoices of any distributor, supplier, restrictive supplier,  
14 28 importer, blender, exporter, terminal operator, nonterminal  
14 29 storage facility, licensed compressed natural gas or liquefied  
14 30 petroleum gas dealer or user, or any other person who  
14 31 possesses fuel upon which the tax has not been paid to  
14 32 determine financial responsibility for the payment of the  
14 33 taxes imposed by this chapter.  
14 34 Sec. 30. Section 452A.85, Code 2005, is amended by adding  
14 35 the following new subsection:  
15 1 NEW SUBSECTION. 4. This section does not apply to an  
15 2 increase in the tax rate of a specified fuel, except for  
15 3 compressed natural gas, unless the increase in the tax rate of  
15 4 that fuel is in excess of one-half cent per gallon.  
15 5 Sec. 31. Section 708.3A, subsections 1 through 4, Code  
15 6 2005, are amended to read as follows:  
15 7 1. A person who commits an assault, as defined in section  
15 8 708.1, against a peace officer, jailer, correctional staff,  
15 9 member or employee of the board of parole, health care  
15 10 provider, employee of the department of human services,  
15 11 employee of the department of revenue, or fire fighter,  
15 12 whether paid or volunteer, with the knowledge that the person  
15 13 against whom the assault is committed is a peace officer,  
15 14 jailer, correctional staff, member or employee of the board of  
15 15 parole, health care provider, employee of the department of  
15 16 human services, employee of the department of revenue, or fire  
15 17 fighter and with the intent to inflict a serious injury upon  
15 18 the peace officer, jailer, correctional staff, member or  
15 19 employee of the board of parole, health care provider,  
15 20 employee of the department of human services, employee of the  
15 21 department of revenue, or fire fighter, is guilty of a class  
15 22 "D" felony.  
15 23 2. A person who commits an assault, as defined in section  
15 24 708.1, against a peace officer, jailer, correctional staff,  
15 25 member or employee of the board of parole, health care  
15 26 provider, employee of the department of human services,  
15 27 employee of the department of revenue, or fire fighter,  
15 28 whether paid or volunteer, who knows that the person against  
15 29 whom the assault is committed is a peace officer, jailer,  
15 30 correctional staff, member or employee of the board of parole,  
15 31 health care provider, employee of the department of human  
15 32 services, employee of the department of revenue, or fire  
15 33 fighter and who uses or displays a dangerous weapon in  
15 34 connection with the assault, is guilty of a class "D" felony.  
15 35 3. A person who commits an assault, as defined in section  
16 1 708.1, against a peace officer, jailer, correctional staff,  
16 2 member or employee of the board of parole, health care  
16 3 provider, employee of the department of human services,  
16 4 employee of the department of revenue, or fire fighter,  
16 5 whether paid or volunteer, who knows that the person against  
16 6 whom the assault is committed is a peace officer, jailer,  
16 7 correctional staff, member or employee of the board of parole,  
16 8 health care provider, employee of the department of human  
16 9 services, employee of the department of revenue, or fire

16 10 fighter, and who causes bodily injury or mental illness, is  
16 11 guilty of an aggravated misdemeanor.  
16 12 4. Any other assault, as defined in section 708.1,  
16 13 committed against a peace officer, jailer, correctional staff,  
16 14 member or employee of the board of parole, health care  
16 15 provider, employee of the department of human services,  
16 16 employee of the department of revenue, or fire fighter,  
16 17 whether paid or volunteer, by a person who knows that the  
16 18 person against whom the assault is committed is a peace  
16 19 officer, jailer, correctional staff, member or employee of the  
16 20 board of parole, health care provider, employee of the  
16 21 department of human services, employee of the department of  
16 22 revenue, or fire fighter, is a serious misdemeanor.

16 23 Sec. 32. Section 708.3A, Code 2005, is amended by adding  
16 24 the following new subsection:

16 25 NEW SUBSECTION. 9. As used in this section, "employee of  
16 26 the department of revenue" means a person who is employed as  
16 27 an auditor, agent, tax collector, or any contractor or  
16 28 representative acting in the same capacity. The employee,  
16 29 contractor, or representative shall maintain current  
16 30 identification indicating that the person is an employee,  
16 31 contractor, or representative of the department.

16 32 Sec. 33. ABATEMENT OF PROPERTY TAXES. Notwithstanding the  
16 33 requirement for the filing of a claim for property tax  
16 34 exemption by February 1, as provided in section 427.1,  
16 35 subsection 9, the board of supervisors of a county having a  
17 1 population based upon the latest federal decennial census of  
17 2 more than one hundred eighty thousand but not more than two  
17 3 hundred thousand shall abate the property taxes owed, with all  
17 4 interest, fees, and costs, which were due and payable during  
17 5 the fiscal years beginning July 1, 2004, and July 1, 2005, on  
17 6 the land and buildings of an educational institution that  
17 7 received the property by gift and that did not receive a  
17 8 property tax exemption due to the inability or failure to file  
17 9 for the exemption. To receive the abatement provided for in  
17 10 this section, the educational institution shall apply to the  
17 11 county board of supervisors by October 1, 2005, and provide  
17 12 appropriate information establishing that the lands and  
17 13 buildings for which the abatement is sought were used by the  
17 14 educational institution for its appropriate objectives during  
17 15 the fiscal years beginning July 1, 2004, and July 1, 2005.  
17 16 The abatement allowed under this section only applies to  
17 17 property taxes, with all interests, fees, and costs, due and  
17 18 payable in the fiscal years beginning July 1, 2004, and July  
17 19 1, 2005.

17 20 Sec. 34. RETROACTIVE APPLICABILITY.

17 21 1. The sections of this Act amending Code sections 422.9  
17 22 and 422.35 apply retroactively to January 1, 2005, for tax  
17 23 years beginning on or after that date.

17 24 2. The section of this Act amending Code section 422.16,  
17 25 being deemed of immediate importance, takes effect upon  
17 26 enactment and applies to calendar quarters ending on or after  
17 27 the effective date of this Act for income taxes withheld for  
17 28 tax years beginning on or after January 1, 2005.

17 29 3. The section of this Act amending section 423E.2, being  
17 30 deemed of immediate importance, takes effect upon enactment.

17 31 4. The section of this Act relating to the abatement of  
17 32 property taxes due and payable in the fiscal years beginning  
17 33 July 1, 2004, and July 1, 2005, and section 427.1, subsection  
17 34 9, being deemed of immediate importance, takes effect upon  
17 35 enactment, and applies retroactively to property taxes due and  
18 1 payable in the fiscal years beginning July 1, 2004, and July  
18 2 1, 2005.

18 3 EXPLANATION

18 4 This bill relates to tax policy matters administered by the  
18 5 department of revenue.

18 6 Code sections 422.9, subsection 1, and 422.9, subsection 2,  
18 7 paragraph "b", are amended to provide that no adjustment for  
18 8 federal income tax is allowed for a tax year in which an Iowa  
18 9 return was not required to be filed. This change is  
18 10 applicable beginning with the 2005 tax year.

18 11 Code section 422.9, subsection 2, is further amended by  
18 12 striking paragraphs "g" and "h". These paragraphs contain  
18 13 deductions that are the same as those set forth in section 164  
18 14 of the Internal Revenue Code making them unnecessary and  
18 15 duplicative for Iowa income tax purposes. This change is  
18 16 applicable beginning with the 2005 tax year.

18 17 Code section 422.16, subsection 2, is amended to reflect  
18 18 changes to the filing and remitting thresholds for withholding  
18 19 taxes and requires quarterly returns for withholding agents  
18 20 who file semimonthly deposits. This section is applicable to



18 21 calendar quarters ending on or after the effective date of the  
18 22 bill for withholding of taxes for tax years beginning on or  
18 23 after January 1, 2005.  
18 24 Code section 422.35 is amended by striking subsection 15.  
18 25 This subsection contains a deduction that is the same as that  
18 26 set forth in section 164 of the Internal Revenue Code making  
18 27 it unnecessary and duplicative for Iowa income tax purposes.  
18 28 This section of the bill is applicable retroactively to  
18 29 January 1, 2005.  
18 30 Code section 423.1, subsection 50, is amended to define  
18 31 "employer" for purposes of the state sales tax on services as  
18 32 the person who actually pays the wages of an employee.  
18 33 Code sections 423.2 and 423.5 are amended to require  
18 34 companies that contract with an Iowa state agency to collect  
18 35 and remit sales and use taxes.  
19 1 Code section 423.3, subsection 39, is amended to exclude  
19 2 vehicles subject to registration, aircraft, and certain  
19 3 watercraft from the exemption for casual sales under the state  
19 4 sales and use taxes.  
19 5 Code section 423.3 is amended by adding new subsection 85,  
19 6 which exempts from the sales and use taxes services performed  
19 7 on vessels if the vessel is licensed by the United States  
19 8 coast guard, is not moored in the state, is used in interstate  
19 9 commerce, and is used in navigable waters on the eastern  
19 10 border of the state, and the services are used to repair a  
19 11 defect in the vessel.  
19 12 Code section 423A.1 is amended to provide that local hotel  
19 13 and motel tax shall be imposed beginning on January 1 and July  
19 14 1 only and terminated as of June 30 and December 31 only.  
19 15 Code section 423E.2 is amended to provide that if a revenue  
19 16 statement as included on the ballot proposition for the school  
19 17 sales tax allowed for the use of the revenues for school  
19 18 infrastructure purposes, then the district is allowed to use  
19 19 the revenues for the same purposes as the physical plant and  
19 20 equipment levy. However, if the revenue statement allowed for  
19 21 the use of revenues for a specific purpose, then another vote  
19 22 is required to change the use. This provision takes effect  
19 23 upon enactment.  
19 24 Code section 423E.4, subsection 3, paragraph "a", is  
19 25 amended to change the date for the department of revenue to  
19 26 estimate the school infrastructure local option tax from June  
19 27 1 to August 15. Currently, all other local option estimates  
19 28 are required to be made by August 15.  
19 29 Code section 424.7 is amended to permit the director to  
19 30 require by rule that environmental protection charge on  
19 31 petroleum diminution reports be filed by electronic  
19 32 transmission.  
19 33 Code section 424.10, subsection 3, is amended to make the  
19 34 interest paid on overpayments of environmental protection  
19 35 charges consistent with other taxes.  
20 1 Code section 425.1, subsection 4, is amended to rescind the  
20 2 requirement that the department estimate the amount of  
20 3 homestead tax credits payable to the counties each year.  
20 4 Code section 425.39 is amended to provide that if the  
20 5 amount appropriated to pay the elderly and disabled property  
20 6 tax credit and reimbursement for property taxes paid is  
20 7 insufficient to pay all claims in full, then the credits and  
20 8 reimbursements shall be paid in an identical prorated amount.  
20 9 New Code section 427.3 allows the county board of  
20 10 supervisors to abate the taxes levied against property  
20 11 acquired by gift by a person or entity if the property  
20 12 acquired by gift was transferred to the person or entity after  
20 13 the deadline for filing for property tax exemption in the year  
20 14 in which the property was transferred and the property  
20 15 acquired by gift would have been exempt as a library or art  
20 16 gallery, as the property of a religious, literary, or  
20 17 charitable society, or as the property of an educational  
20 18 institution, if the person or entity had been able to file for  
20 19 exemption in a timely manner.  
20 20 Code section 441.6 is amended to strike the physical  
20 21 condition and reputation of a person as criteria used by the  
20 22 examining board in determining the person's qualifications for  
20 23 appointment to the position of county or city assessor.  
20 24 Code section 441.8 is amended to require the conference  
20 25 board to notify the assessor at least 90 days prior to the  
20 26 expiration of the assessor's term of office if the assessor is  
20 27 not to be reappointed.  
20 28 Code section 441.8 is also amended to permit the director  
20 29 of revenue to waive the assessor and deputy assessor  
20 30 continuing education requirements for good cause.  
20 31 Code section 441.38, subsection 2, is amended to require

20 32 the property owner to file notice of appeal to district court  
20 33 with the local board of review within 20 days after the  
20 34 board's adjournment or May 31, whichever is later.  
20 35 Code section 452A.2, subsections 19 and 25, are amended to  
21 1 state that, for fuel tax purposes, methanol is not a motor  
21 2 fuel unless blended for use in aircraft or a motor vehicle and  
21 3 is not a special fuel unless blended for use in a motor  
21 4 vehicle with a diesel engine.  
21 5 Code section 452A.8, subsections 2 through 4, are amended  
21 6 to permit the director to require by rule that compressed  
21 7 natural gas, liquefied petroleum gas, and alcohol blender  
21 8 reports be filed by electronic transmission.  
21 9 Code sections 452A.10, 452A.62, subsection 1, paragraph  
21 10 "a", and 452A.62, subsection 2, are amended to require  
21 11 nonterminal storage facilities to maintain the same records as  
21 12 terminals for withdrawals and importations of certain motor  
21 13 and special fuels.  
21 14 Code section 452A.85 is amended to provide that the  
21 15 inventory tax does not apply unless the increase in the fuel  
21 16 tax rate is more than one-half cent per gallon.  
21 17 Code section 708.3A is amended to impose criminal penalties  
21 18 for an assault on certain defined department of revenue  
21 19 employees when performing department assignments.  
21 20 The bill contains a provision that requires the board of  
21 21 supervisors of a county with a population between 180,000 and  
21 22 200,000 to abate certain property taxes, with interest, fees,  
21 23 and costs, levied on the lands and buildings of an educational  
21 24 institution which are due and payable in the 2004=2005 fiscal  
21 25 year and the 2005=2006 fiscal year. The property taxes were  
21 26 levied because the educational institution did not file a  
21 27 claim for a property tax exemption. The bill provides that to  
21 28 receive the abatement, the educational institution must apply  
21 29 by October 1, 2005, and provide information establishing that  
21 30 the lands and buildings were used as an educational  
21 31 institution. This portion of the bill takes effect upon  
21 32 enactment and applies retroactively to property taxes due and  
21 33 payable in the 2004=2005 and the 2005=2006 fiscal years.  
21 34 LSB 3589HC 81  
21 35 mg:rj/sh/8